GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

Infrastructure & Investment Department – APMB - Development of Commercial Port at Kona village, Thondangi Mandal, East Godavari Dist., under PPP mode (DBFOT) – Award of Concession to M/s Kakinada Gateway Port Ltd.,- Extension of time for financial closure - Orders - Issued.

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INFRASTRUCTURE & INVESTMENT (PORTS) DEPARTMENT

G.O.MS.No. 6 Dated: 08-07-2021.

Read the following:

1. G.O.Ms.No.10, I&I (Ports.I) Dept, dated 03-12-2007.
2. G.O.Ms.No.20, E,I&I(Ports) Dept. dated 26.06.2018
3. G.O.Ms.No. 15 I&I department (Ports.II) Dated: 13-03-2020.
4. From the M/s. Kakinada Gateway Port Ltd., letter dated 18.09.2020
5. Proceedings of CEO, APMB Lr No.97/APMB/2020 dt 20.11.2020
6. G.O. Ms.No 3, I & I department (Ports) Dept, dt 10.03.2021
7. Letter No. Nil dated 26.04.2021 received from the M/s. KGPL
8. Letter No.97/APMB/2020 dated 12.05.2021 received from the CEO, APMB
9. Govt., Memo No.227/ports.II/2016-88023 dt 20.06.2021 to CEO, APMB
10. Letter No.97/APMB/2020 dated 23.06.2021 received from the CEO, APMB

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ORDER:

Orders were issued in the G.O. first read above declaring the Kakinada Special Economic Zone Port as Minor Port in East Godavari District. Further, permission was accorded to M/s.Kakinada SEZ Pvt. Ltd to construct captive port to handle only SEZ cargo subject to certain conditions. In the reference 2nd read above, Government have issued orders awarding the Concession to M/s.Kakinada SEZ Ltd., for development of Commercial Port at Kona village, Thondangi Mandal, East Godavari Dist., under PPP mode (DBFOT). M/s. Kakinada Gateway Port Limited has signed the Concession Agreement on 21.11.2018 for development of Greenfield Commercial Port at Kona Village, Thondangi Mandal, EG Dist. of A.P. on DBFOT (Design, Build, Finance, Operate and Transfer) basis.

2. In the reference 3rd read above, Government have issued orders extending the time to the M/s. Kakinada Gateway Port Ltd., up to 12 months from 21.11.2019 (another 280 days beyond initial 85 days i.e 365 days) or up to fulfilment of all the conditions precedent both by authority and the concessionaire whichever is earlier, for financial closure of the project of development of Commercial Port at Kona village, Thondangi Mandal, East Godavari Dist., under PPP mode (DBFOT).

3. In the reference 4th read above, M/s. Kakinada Gateway Port Limited (M/s KGPL) has submitted letter on the progress on Port initiatives and requested the Government for further extension of time for Financial closure for a period of 12 months from revised Financial Closure date (20th November 2020) to 20.11.2021. In the reference 5th read above, the Chief Executive Officer, APMB

has extended timeline for 180 days from 20th November, 2020 to 19th May, 2021 in line with the instructions of the GoI, Finance Department Office Memorandum dated 13.05.2020.

4. In the reference 6th read above, Government approved the acquisition of 99.74% of the share by M/s. Aurobindo Realty & Infrastructure Pvt Ltd in Kakinada SEZ Ltd. But, Govt. has not waived the condition of holding minimum stipulated equity as a percent of the Total Project Cost. Government also approved GMR SEZ & Port Holdings Ltd (GSPHL) to acquire 26% of equity from Kakinada SEZ and hold in Kakinada Gateway Port Limited. Acquisition of 26% of equity in Kakinada SEZ by GSPHL is under process. Also GMR SEZ & Port Holdings Ltd shall hold not less than 5% of the total project cost till COD plus 2 years once the acquisition is complete.

5. In the reference 8th read above, the CEO, AP Maritime Board has submitted that the following conditions to be fulfilled by the authority:

1. Removal of encumbrances on site created by Litigations which are pending before High Court.

2.Transfer of 26 acres of port land by way of Agreement of sale

6. The CEO,APMB has submitted that as per para 7.1 (k) of the Concession Agreement, the members of the consortium, whose technical and financial capacity is taken into consideration for evaluation should hold not less than 5% of the project cost as equity during the construction period and upto second anniversary of COD. This will be ensured, while acquiring 26% of equity holding by the original promoter. The condition precedents which are yet to be fulfilled by the concessionaire are as follows:

Conditions Precedent to be fulfilled by the Concessionaire		
Sl.No.	Conditions Precedent	Status
1	Submission of executed Escrow Agreement	Shall be done at the time of Financial Close
2	Submission of executed Substitution Agreement	Shall be done at the time of Financial Close
3	Executed the Financing Agreements and submitted to the Authority 3 (three) true copies	Shall be done at the time of Financial Close
4	Submitted to the Authority 3 (three) true copies of the Financial Package and the Financial Model	Shall be done at the stage of Financial Close
5	Prepared, finalized and procured approval of the Authority for the DPR in accordance with Article 12	This shall be submitted during the finalization of the Design Basis Report

7. Under the circumstances explained above and due to prevailing covid pandemic conditions, resorting to Clause 4.3, at this juncture, may not be justifiable. Now, that Government have approved the change in shareholding in KGPL due to acquisition of 99.74% of shares by M/s. Aurobindo Realty and

Infrastructure Pvt. Ltd. (ARIPL) in KSEZ and ARIPL have also offered larger investments and more employment generation which would be beneficial and in the larger interests of development of the area in question, the CEO,APMB has requested the Government to consider extending the time for financial closure by another 6 months in the first instance since, the extension sought for is only 6 months i.e., upto 19th November, 2021.

8. Government after careful examination of the matter hereby extend the time for financial closure by another 6 months w.e.f 20.05.2021 to 19.11.2021 or up to fulfilment of all the conditions precedent both by authority and the concessionaire, whichever is earlier, for development of Commercial Port at Kona village, Thondangi Mandal, East Godavari Dist., under PPP mode (DBFOT).

9. The Chief Executive Officer, APMB shall take all necessary further action in the matter accordingly.

10. This order issues with the concurrence of Finance Department, vide their U.O.No. FIN-44027/211/2016-SO(FMU(I,E,M))-FIN, dated 15.06.2021.

(BY ORDER AND IN THE NAME OF GOVERNOR OF ANDHRA PRADESH)

R. KARIKAL VALAVEN
SPECIAL CHIEF SECRETARY TO GOVERNMENT

To
The Chief Executive Officer, APMB, Kakinada.
M/s.Kakinada Gateway Port Limited, Road No.6, Siddartha Nagar, Kakinada, through the CEO, APMB, Kakinada
The Port Officer, Kakinada
Copy to:
The OSD to Secretary to Hon'ble CM
The OSD to Hon'ble M(I&I)
The Finance (Exp.FMU-IIEIC) Department (w.r.t Computer No.92649)
The GA(Cabinet) Dept.,
The PS to Spl.C.S., I&I Department.
Sf/sc(227/Ports.II/2016-88023)

//FORWARDED :: BY ORDER//

SECTION OFFICER